

GAO
Accountability • Integrity • Reliability

Highlights

Highlights of [GAO-03-700T](#), a testimony before the Subcommittee on International Trade, U.S. Senate Committee on Finance

Why GAO Did This Study

Since 1998, the 34 democratic nations of the Western Hemisphere have been negotiating a Free Trade Area of the Americas agreement to eliminate tariffs and create common trade and investment rules for these nations. The United States will co-chair, with Brazil, the final phase of the negotiations, due to conclude in January 2005. GAO was asked to (1) review challenges that the United States faces as co-chair of the final negotiating phase and (2) discuss risks that the United States may encounter, as host, in Miami, of the November 2003 ministerial meeting.

What GAO Recommends

The Office of the U.S. Trade Representative (USTR) should intensify U.S. preparations and regularly evaluate whether resources and plans are sufficient to carry out the tasks and mitigate the risks associated with its responsibilities as co-chair of the negotiations and host of the November ministerial. These are related to USTR's (1) increased workload, (2) planning for the ministerial, (3) funding sources, and (4) security needs at the ministerial.

www.gao.gov/cgi-bin/getrpt?GAO-03-700T.

To view the full report, including the scope and methodology, click on the link above. For more information, contact Loren Yager at (202) 512-4347 or YagerL@gao.gov.

FREE TRADE AREA OF THE AMERICAS

United States Faces Challenges as Co-Chair of Final Negotiating Phase and Host of November 2003 Ministerial

What GAO Found

The United States faces several challenges as co-chair of the final phase of Free Trade Area of the Americas negotiations. First, USTR, which is responsible for co-chairing these negotiations and hosting the November 2003 ministerial, has not added appreciably to its staff, despite the sharply increased workload. Second, the goals of this phase—such as achieving improved market access for the 34 nations—are ambitious and will require serious, substantive trade-offs. Finally, the negotiations are proceeding on the same timeline as several other complex trade negotiations involving the United States. In fact, the resolution of a key issue, agricultural subsidies, has been linked to ongoing negotiations in the World Trade Organization. Currently, these negotiations are bogged down.

Moreover, important risks are already apparent in current U.S. plans for hosting the November 2003 Miami ministerial meeting. Gaps exist in several key areas important to successfully hosting a major trade ministerial. For example, USTR has limited experience in planning and providing logistics for such a meeting. Furthermore, USTR is getting little support from other federal agencies. In addition, no federal agency has yet received any funding for the November event, which is projected to cost \$10 million. Finally, USTR is likely to encounter protestors at the November ministerial. Failure to link security, funding, and logistics at a prior ministerial caused serious problems for the organizers of that event.

Contrasting Events Surround 2002 Quito Ministerial Meeting



Members of Americas Business Forum meet inside during 2002 Quito Ministerial (left) as police secure outside area against anti-FTAA demonstrators.

Source: GAO (left photo) and Centro de Medios Independientes de Ecuador. Used with permission.